



PARTNERSHIP FOR PUBLIC SERVICE

**Written Testimony of Max Stier  
President and CEO, Partnership for Public Service**

Prepared for:

**The House Committee on Government Reform  
Subcommittee on the Federal Workforce and  
Agency Organization**

**Hearing: “Mom, Apple Pie, and Working for America:  
Accountability and Rewards for the Federal Workforce”**

October 5, 2005

Chairman Porter, Representative Davis, Members of the Subcommittee, thank you very much for the opportunity to appear before you today. I am Max Stier, President and CEO of the Partnership for Public Service, a non-partisan, nonprofit organization dedicated to revitalizing the federal civil service. We appreciate your invitation to discuss the administration's proposed "Working for America Act" and its impact on federal employees and the agencies in which they serve. This Subcommittee continues to recognize that a skilled and dedicated workforce is absolutely essential to successfully carrying out the many missions of the federal government on behalf of our nation, and we are honored to share with you our perspective on the WFAA and its potential to transform the federal civil service.

The Partnership has two principal areas of focus. First, we work to inspire a new generation to federal service. Second, we work with government leaders to help transform the business of government so that the best and brightest will enter, stay and succeed in meeting the challenges of our nation. That includes all aspects of how we manage people, from attracting them to government, leading them, supporting their development, and managing performance. In short, all the essential ingredients for forming and keeping a winning team. Given those objectives, transforming the current civil service system is high on our list of priorities. We welcome the chance to work with this Subcommittee to ensure that any legislation to modernize our civil service contains what the Partnership views as the essential ingredients necessary for success.

## The Case for Change

It is widely accepted that while the current General Schedule pay and classification system established in 1949 may have served the government well for many years, it is no longer good enough to attract and retain the best and brightest – and we know this from listening to federal employees themselves. In the Office of Personnel Management’s 2004 Federal Human Capital Survey of almost 150,000 civil servants, only 29 percent agreed that “In my work unit, differences in performance are recognized in a meaningful way.” Talented people at all levels – from new college graduates to seasoned professionals – look to work in environments that reward and recognize effort and results. Our 2005 Best Places to Work project, based on the OPM survey, confirms that, compared to workers in the private sector, federal employees are more likely to say their work relates to the organization’s mission, their supervisors are supportive in balancing work and life issues, and the people they work with cooperate to get things done. Yet, this same comparison reveals the federal government lags 25 points behind the private sector in rewarding workers for delivering high quality products and services.

To be clear, we think it is misleading to refer to the WFAA as “pay-for-performance,” a misnomer that suggests federal employees are motivated primarily by pay. Generally speaking, they are not. As everyone here can attest, many if not most public servants can make more money in the private sector – but they have chosen government service. Again referring to our Best Places to Work rankings, pay and compensation ranked well below leadership, teamwork, how well an employee’s skills are matched to agency

mission, and work-life balance as the key drivers of job satisfaction for federal workers. And satisfied employees are more engaged and better able to contribute to agency missions. In fact, the preponderance of research on effective organizations in both the private and public sectors indicates that employee engagement is a key driver of mission success. The WFAA, in our opinion, has the potential to increase employee engagement by establishing a comprehensive performance management system – in other words, by creating an environment in which excellence is both recognized and rewarded.

Of course, improved performance management is only one benefit that accrues from the proposed replacement of the General Schedule system. As OPM’s April 2002 White Paper, “A Fresh Start for Federal Pay: The Case for Modernization,” states, the current federal pay system is not market sensitive despite the statutory merit system principle that calls for federal pay to be set “with appropriate consideration of both national and local rates paid by employers in the private sector.” The proposed WFAA would allow all of the federal government to construct more modern and market-sensitive pay systems, thereby enabling it to be better armed in the war for talent.

### **Key Reforms in the WFAA**

We support the WFAA’s emphasis on managers and their responsibilities to better assess, develop and manage their subordinates. The goals of the Act cannot be realized if managers are incapable of fulfilling their extraordinarily important roles. We are encouraged to see that the WFAA provides for training managers and holding them

accountable for their performance management responsibilities. Indeed, under the WFAA, a manager's own performance review would be based in part on how well he or she is managing the people who report to them. We believe the manager capacity and accountability provisions are absolutely key to realizing the Act's objectives, and later in this testimony I will offer a few suggestions as to how to make the WFAA's provisions in this regard even stronger.

Mr. Chairman, I would like to speak for a moment about the Act's acknowledgement that some agencies are more ready than others to design and implement the kind of modern civil service system described under the Act. In short, agencies will need help, and some will need lots of it. The Partnership is pleased to see the OPM assigned a government-wide coordination, support and oversight role. Many agencies will rely heavily on OPM for guidance at the front end of the process. And it is sensible to task OPM with managing the final certification process by which agencies are deemed ready to move forward with a newly-designed system. Care will need to be taken, of course, to ensure that OPM itself has the staff and resources necessary to carry out this very important role.

We think the certification provision in the proposed WFAA is particularly noteworthy. It is a key way in which the WFAA differs from the DHS and DOD personnel legislation. The WFAA directs that an agency's revised pay system must meet certain requirements, and be certified by OPM, before it is implemented. While we think the certification provision could be strengthened slightly, and I will detail our suggestion later in this testimony, we believe that the requirements for certification – including a fair, credible

and transparent performance appraisal system, a means of ensuring employee involvement and a mechanism for ensuring the system is adequately resourced – are essential and should be retained.

## **Realizing the Goals of the Act**

Mr. Chairman and Members of the Subcommittee, we believe there are a few key elements that will determine whether the goals of the WFAA are realized, and we hope you will give them your attention as you move ahead with your consideration of the Act.

First, we think it is impossible to overstate the importance of manager capacity and manager accountability in meeting the objectives of the Act. It is wrong to conclude that changing our civil service system alone will improve management; rather, we must also improve the capacity of managers to manage. Our Extreme Hiring Makeover project, in which the Partnership and several private sector partners worked with federal agencies on a pro-bono basis to revamp their hiring processes, revealed a dramatic variation among managers and their preparedness to implement the kind of performance management system contemplated by the WFAA. Many managers across government have been distanced from personnel decisions as a whole and have devoted little time to the people issues that are so essential to realizing desired outcomes. We are pleased that under the WFAA, managers are held responsible for investing the time and energy necessary to develop and manage the employees who report to them. And just as important, managers must be trained to do so.

The WFAA presents federal managers with a significant change in culture and mindset, and it is incumbent upon all of us – the administration, Congress and outside organizations – to do what we can to help them succeed. And in large part, that means resources. Selecting, training and otherwise preparing federal managers to manage effectively will require a significant investment of time and money in agencies and in the OPM. Given the size of the federal workforce and its management corps, this price tag will not be cheap. But it is an investment that will more than pay for itself over time. During the course of a career, a single federal employee can amount to a million- or even multi-million dollar investment for the federal government. It only makes sense that we spend as much time ensuring the success of that investment as we do for IT networks, financial management systems, or similar tools designed to improve government efficiency, accountability and performance.

Mr. Chairman, the Partnership believes strongly that employee engagement and buy-in are critical elements in the success of the WFAA. It is essential that employees have confidence in their managers to set performance expectations clearly and assess actual performance fairly. Training managers to use the new system will certainly help, but will not be enough to build credibility into the system. We strongly encourage this subcommittee to exercise careful and continual oversight regarding the means by which agencies and their management teams are communicating with affected employees and seeking their input in the design and implementation of the WFAA.

Finally, we think it is imperative that we not wait until this act is implemented to begin creating the performance based workplace that is so needed. Indeed, there is much that can be done under existing flexibilities to promote these goals, and doing what can be done now will undoubtedly help facilitate a rapid and easier transition to the key reforms outlined in the WFAA.

### **Suggested Amendments**

The Partnership for Public Service believes that the Working for America Act will contribute in positive ways to the government's ability to attract and retain excellence in the federal workforce. However, we also believe that the draft as proposed by the administration should be amended slightly to improve its chances of success. Following is a brief description of the Partnership's proposed amendments; draft legislative language implementing these amendments is included as an appendix to this testimony.

First, the Partnership proposes a new section directing the OPM to define the core competency standards that each supervisor and manager must meet in order to effectively manage, and be accountable for managing, the performance of employees. Each agency would be responsible for initially selecting and then later assessing its managers and supervisors against those standards and developing and implementing a plan to correct any deficiencies to ensure that the agency has the ongoing management capacity to maintain an effective performance appraisal system. The purpose of this section is to ensure that federal managers have the training and capacity to implement the WFAA's



requirements successfully. And to give added weight to this provision, we strongly suggest that it be included under the “certification” requirement, under which OPM must certify a pay for performance system, and the performance management system therein, before it can take effect.

Second, we encourage a new section in the WFAA devoted to increasing the capacity of the human resources workforce in federal agencies. The federal human resources workforce is fraught with skills gaps and uneven capacity to support the goals of the WFAA. We suggest a section requiring the Chief Human Capital Officer of each federal agency to assess the capacity of the current HR workforce and develop strategies and specific plans for hiring, training, and professional development in order to rectify any deficiencies. This suggestion is modeled after a similar provision for the information technology workforce contained in the Clinger-Cohen Act (P.L. 104-106, Divisions D and E).

Finally, we reiterate our strong belief that employee engagement is a key element in ensuring the WFAA’s success. One way to foster employee engagement is by enabling two-way communication between employees and the agencies in which they serve. Annual employee surveys are an effective way of encouraging communication and we believe the draft WFAA as proposed by the administration would weaken the existing requirement for annual employee surveys by allowing them to be waived by the Director of OPM for any department or agency claiming hardship or alleging that the survey would not be in the best interests of the government. It is our understanding that this

provision is primarily intended to allow the exclusion of the very small independent department and agencies (e.g., those with less than 50 employees). We suggest altering the draft WFAA to specifically allow those small agencies to be exempt from annual employee survey requirements on a case-by-case basis, but to maintain the requirement for annual surveys for all Cabinet-level departments and the larger independent agencies. Agencies should seek multiple opportunities to solicit employee feedback, and annual surveys are one high-yield way to assess employee attitudes and establish benchmarks by which to measure improvement in subsequent years.

## **Conclusion**

We believe the Working for America Act, if carefully crafted and well-implemented, will do much to improve government performance and allow our talented federal workforce to perform at its best. Thank you for the opportunity to share the Partnership's views.

## APPENDIX

### Partnership for Public Service's Proposed Amendments to the Working for America Act

#### **Section 4304. Responsibilities of the Director of the Office of Personnel Management.**

Page 16, line 12 – strike “may” and insert “shall”

*The purpose of this amendment is to ensure that the Director reviews each agency's performance appraisal system. The current WFAA draft leaves this review to the Director's discretion.*

\* \* \* \* \*

Insert the following new section in Chapter 43, subchapter II:

#### **Section 4316. Capacity to manage performance appraisal systems.**

(a)(1) The Office shall define the core competency standards that each supervisor and manager must meet in order to effectively manage, and be accountable for managing, the performance of employees under Section 4312(b) of this chapter.

(2) Each agency shall –

(A) assess each supervisor and manager against the core competency standards defined by the Office under subsection (a)(1) of this section and any additional competency standards defined by the agency; and

(B) develop and implement a plan to correct any deficiencies identified during such assessment to ensure that the agency has the ongoing management capacity to implement and maintain an effective performance appraisal system.

(3) The head of each agency shall report to the Office, on a semiannual basis or as requested by the Director, regarding the agency's progress in implementing the requirements of this subsection.

*The purpose of this section is to ensure that federal managers have the training and capacity to implement the WFAA's requirements successfully and in accordance with the principles and goals of the WFAA.*

\* \* \* \* \*

Insert the following new section:

**Section \_\_\_\_ . Human resources workforce.**

(a) The Chief Human Capital Officer or the head of an agency shall as part of the annual strategic planning and performance evaluation process --

(1) assess the requirements established for agency human resources professionals regarding knowledge and skill in human resources management and the adequacy of such requirements for facilitating the achievement of the performance goals established for the agency and for agency personnel;

(2) assess the extent to which agency human resources professionals meet those requirements;

(3) develop strategies and specific plans for hiring, training, and professional development in order to rectify any deficiency in meeting those requirements; and

(4) report to the head of the agency, Congress and the public on the progress made in improving agency human resources management capability.

*The federal human resources workforce endured haphazard downsizing during much of the 1990s, resulting in skills gaps and uneven capacity to support the goals of the WFAA. This section requires agencies to improve and maintain a highly-skilled HR workforce, and is modeled after a similar provision for the IT workforce contained in the Clinger-Cohen Act (P.L. 104-106, Divisions D and E).*

\* \* \* \* \*

**Sec. 2955. Employee surveys.**

Page 13, line 14 -- strike subsection (d) and insert the following new subsection:

(d)(1) The Director may waive the requirement in subsection (a) in a given year for an executive agency not subject to the requirements of the Chief Financial Officers Act of 1990, as amended, when the Director determines that the requirement --

A) would create a substantial hardship; or

B) is not in the best interests of the Federal Government.

(2) The Director may not waive the requirement in subsection (a) for any executive agency subject to the requirements of the Chief Financial Officers Act of 1990, as amended.

*This subsection is intended to allow small agencies to be exempted on a case by case basis from the annual employee survey requirement, but to maintain the requirement for Cabinet-level departments and large agencies. The CFO Act as enacted covered all Cabinet-level executive departments, plus EPA, NASA, FEMA, AID, GSA, NSF, NRC, OPM and SBA. Subsequent government reorganizations have slightly altered the list of*

*agencies covered by the CFO Act – e.g., the creation of DHS – and this proposed language can be edited to reflect those changes as necessary.*

\* \* \* \* \*

**Section 5257. Certification of pay-for-performance systems.**

Page 63, line 3 – after “system” and before the semicolon, insert “that meets the requirements of subchapter II of chapter 43”

*This language ensures that an effective performance appraisal system that meets the requirements of chapter 43 of Title 5 (“Performance Appraisal for the General Workforce”) must be a part of any pay for performance system certified by OPM. This would include the proposed Section 4316, “Capacity to manage performance appraisal systems.”*